



Webcast series 'State of Tax'

Leveraging ERP transformation to optimise your tax function



Presentation by **Marvin de Ridder, Marleen van Buren,
Joanna Gniadecka, Sharon Neven**
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Introduction

- Watched live, this webinar qualifies for 1 PE point
- The button '**[Ask a question]**' allows you to ask a live question via chat
- Any other questions via your PwC advisor or fill in the form on [**pwc.nl**](https://www.pwc.nl)
- View this webcast or presentation at a later stage
- Slides will become available afterwards
- Evaluation form afterwards



Agenda

1. Welcome
2. Setting the scene - external and internal drivers for ERP transformation
3. Indirect tax
4. Direct tax
5. Transfer pricing
6. Closing and key takeaways

When your current (ERP) system was implemented, was tax part of the project team?

- A) Yes
- B) Yes, but not sufficient
- C) No

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1. Welcome
2. Setting the scene - external and internal drivers for ERP transformation
3. Indirect tax and client experience conversation
4. Direct tax and client experience conversation
5. Transfer pricing and client experience conversation
6. Closing and key takeaways

The changing external landscape

The case for change



**Tax audits reaching
record numbers**



Data sharing



**Governments
competing**



**Corporate
Reputation**



Real Time Reporting



Transparency

The changing internal landscape

The case for change



Pressure to reduce costs and headcount



Inorganic business expansion (M&A activity)



Increased number of internal stakeholders



Organization structure changes (Centre of Excellence or Shared Service Centre models)



Greater requirement for central visibility



Introduction of new technologies



Pressure from system providers (e.g. SAP, Oracle, Workday (Finance))

Agenda

Indirect tax

Direct tax

Transfer pricing



Challenges



Client experience conversation



Introduction to COFCO International

(Sam Williams)

19/05/2021



At a Glance

COFCO International



\$31 bn

REVENUE

114m

TONNE \$ TURNOVER

34m

TONNE \$ PORT CAPACITY

26m

TONNE \$ PROCE \$ SING
CAPACITY

2.2m

TONNE \$ INLAND STORAGE

11k

EMPLOYEE \$

35

COUNTRIES \$

We are a global agri-business that is committed to becoming a world leader in agriculture supply, providing food the world needs in a responsible way



Grains



Oilseeds



Sugar



Coffee



Cotton



Freight



Latin-America



36
WAREHOUSES
8
PROCESSING FACILITIES

10
TERMINALS

North America



2
WAREHOUSES

4
TERMINALS

EMEA



11
WAREHOUSES
2
PROCESSING FACILITIES

4
TERMINALS

APAC



1
WAREHOUSES

1
TERMINALS

1
PROCESSING FACILITIES

Our Shareholders

COFCO Corporation - Majority shareholder of COFCO International



\$80bn

TOTAL ASSETS

\$67bn

REVENUE

30m

TONNE'S STORAGE CAPACITY

90m

TONNE'S PROCESSING CAPACITY

50m

TONNE'S PORT TRANSIT CAPACITY

160m

TONNE'S TOTAL VOLUME



- 1/ China's largest integrated agribusiness conglomerate
- 2/ Ranked on Fortune Global 500 for 26 consecutive years
- 3/ HQ in Beijing with presence in over 140 countries
- 4/ Owns global producing, purchasing platforms, trading networks with plantation, purchasing, storage, logistics and port facilities
- 5/ Financial services to support agricultural development



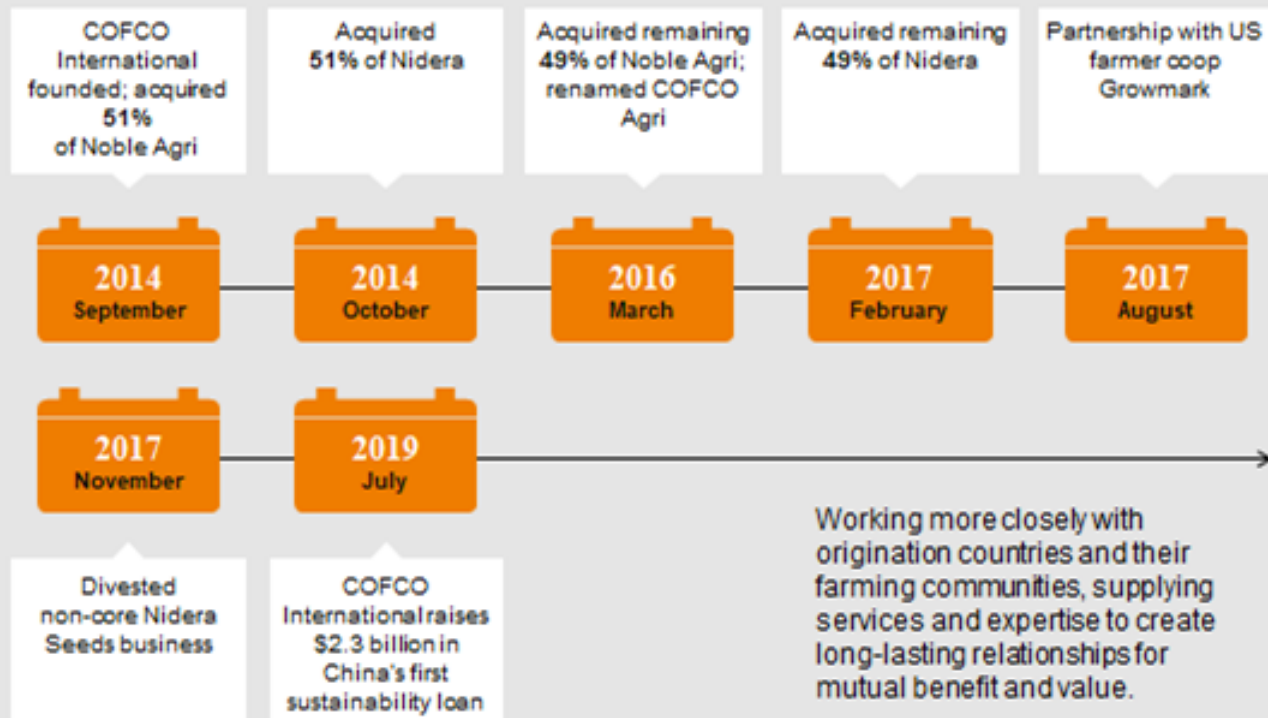
Our Story

Creating long-lasting relationships for mutual benefit and value



Building a world-class global agribusiness committed to providing the food the world needs in a responsible way.

- We are creating a different kind of global agri-business - one that is growing fast, with the right structures, culture and the ambition to meet the world's increasing and changing needs.



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Examples indirect tax challenges

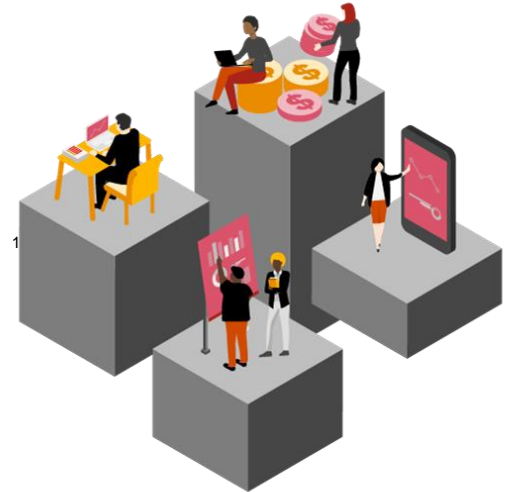


Challenge

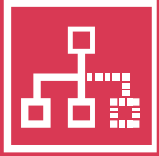
Lack of clear overview of transactions / business flows.

Added value

Streamline transaction mapping and flows to prepare a basis for ERP set up and business model reference.



Examples indirect tax challenges

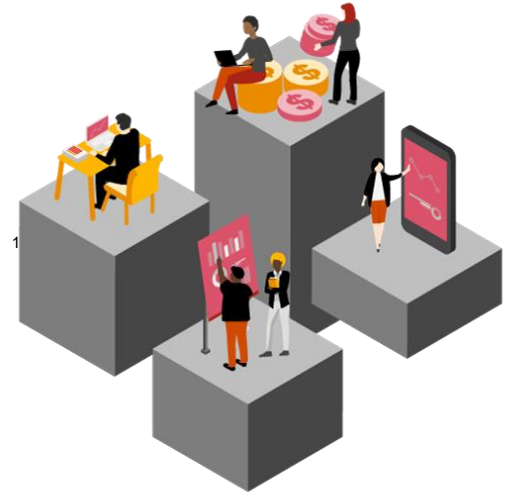


Challenge

Incorrect (manual) VAT determination during transactions.

Added value

Automation of transactions in the ERP system to eliminate manual errors and to enhance the logic of the ERP system to be able to deal with complex transactions.



Examples indirect tax challenges

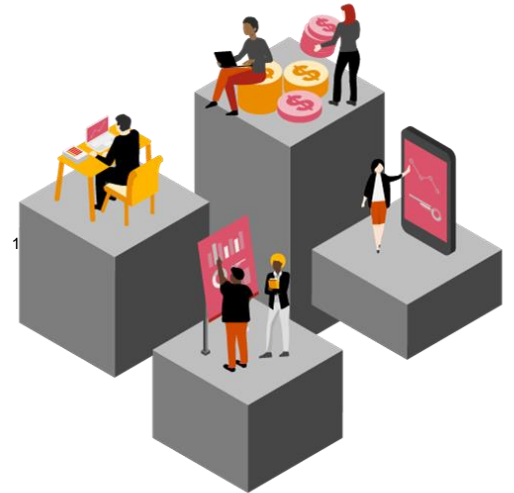


Challenge

Incorrect master data leading to incorrect VAT determination.

Added value

Review ERP master data (customer, vendor, material, G/L, etc.) and ensure accuracy for VAT determination.



Examples indirect tax challenges

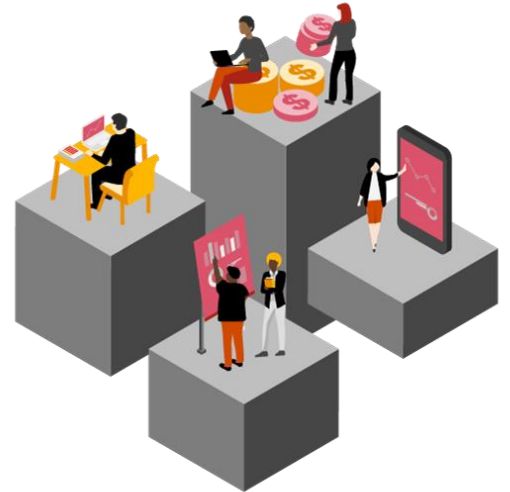


Challenge

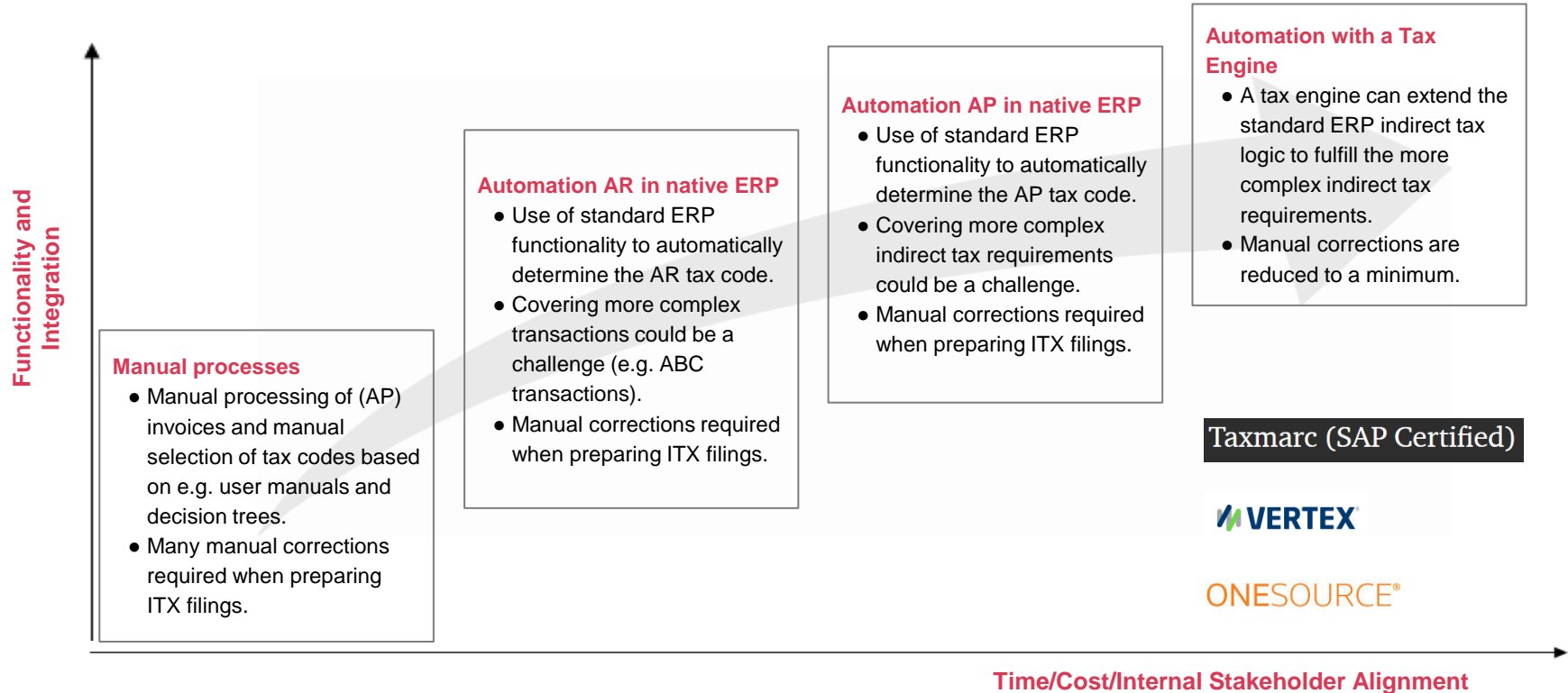
Fulfilling compliance obligations, e.g. SAF-T, real-time reporting.

Added value

Best practice sharing to fulfill compliance obligations, e.g. e-invoicing, digital VAT return filing, etc. and automation of the compliance process.



ITX determination - Technology maturity curve



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Examples direct tax challenges



Challenge

Collection and management of data necessary to calculate tax provisions.
No direct integration between ERP/consolidation system and tax accounting solution, resulting in time delays.

Added value

Improving data by data analytics efforts and automation to drive efficiency and quality. Set-up of separate tax ledger for most common and time-consuming book to tax differences and tax sensitization of CoA.



Examples direct tax challenges



Challenge

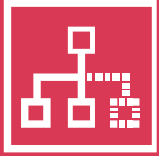
An efficient reconciliation from Group GAAP numbers to statutory financial statements and local tax returns.

Added value

Single source of truth. Defining the preferred ERP ledger setup (non-leading ledger vs extension ledger) depending on number of variables.



Examples direct tax challenges

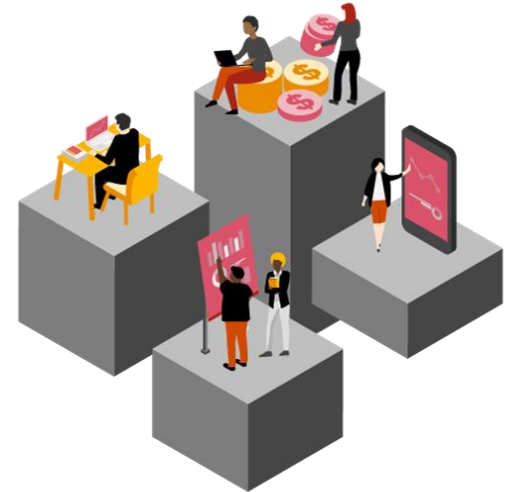


Challenge

No direct integration between tax provisioning and compliance solution.

Added value

Better integration, creating opportunities for return to accrual efficiencies.



Examples direct tax challenges

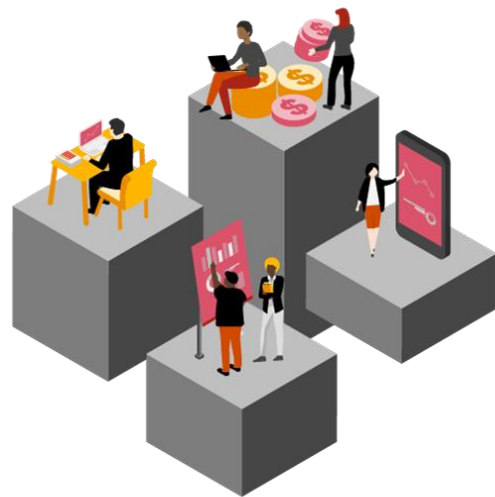


Challenge

Transparency and auditability from consolidated tax disclosure down to source financial transactions and collecting required information in case of questions from or disputes with the tax authorities.

Added value

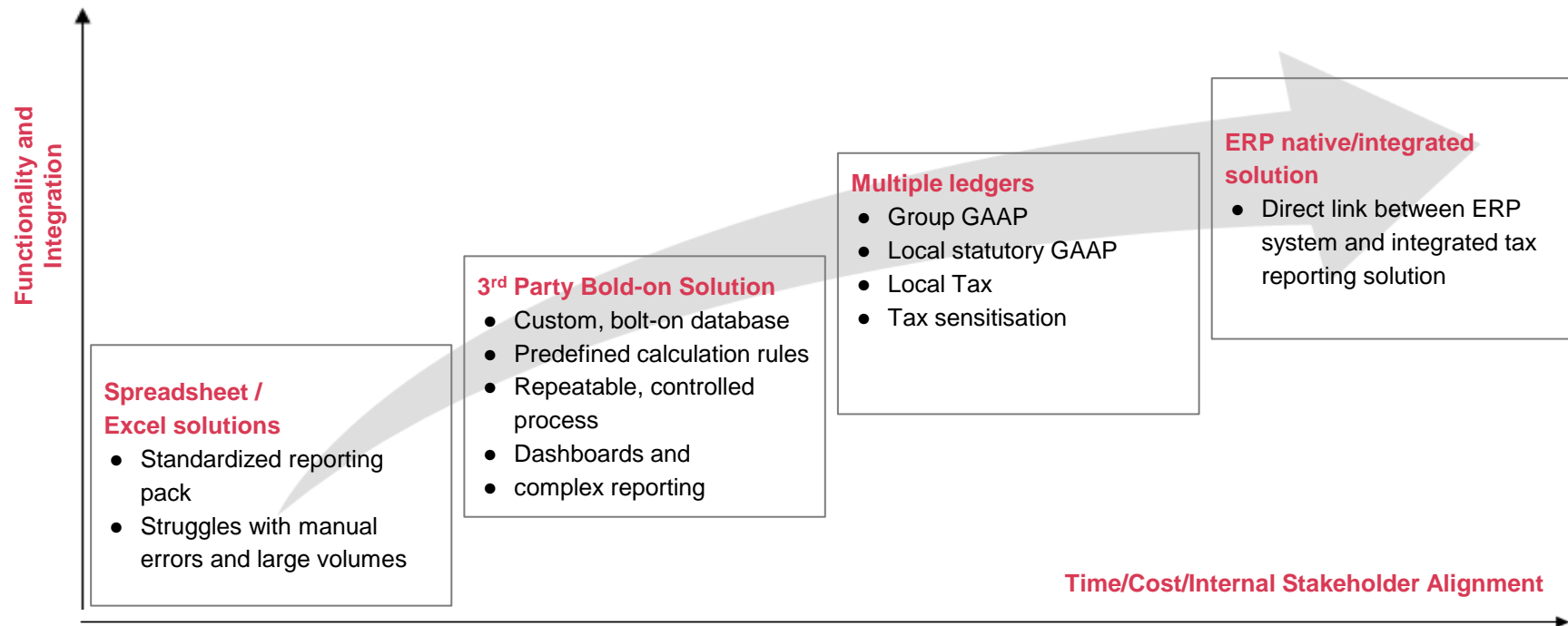
Allows tax to spend more time on analysis and planning instead of data reconciliation. Single source of truth, creating efficiency and enhancing quality (also upfront!).



Direct tax automation - Technology maturity curve



Best practices including other solutions on the market



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Examples transfer pricing challenges



Challenge

Identify the right data to use.

Identify sufficiently segmented data.

Identify which departments can provide this information.

Added value

Simplifying approaches by using financial data readily available in systems.

Clarifying in processes what data is to be used and how.

Documenting processes.



Examples transfer pricing challenges



Challenge

Data cleansing and the reliability of data.

Added value

Defining upfront requirements for transfer pricing calculations to discuss with stakeholders to embed into source data.



Examples transfer pricing challenges



Challenge

Can prices be adjusted throughout the year? What data required for your price setting is available when? Relevant for monitoring and updating your prices throughout the year.

Added value

Anticipating price changes pro-actively to minimize year-end adjustments. Having requirements built into the system/processes smoothen the exercise to recalculate the prices.



Examples transfer pricing challenges



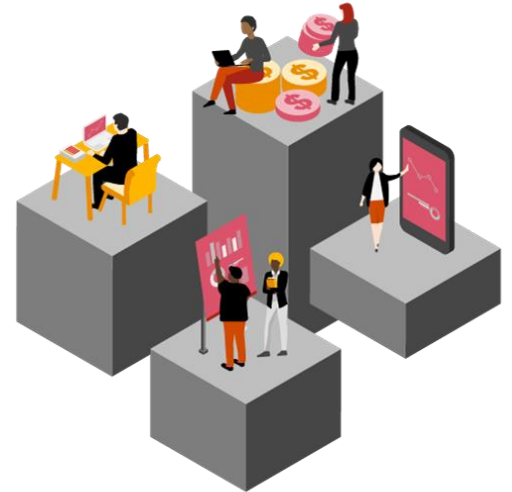
Challenge

Future of Finance: reduction of resources to manage price setting and monitoring.

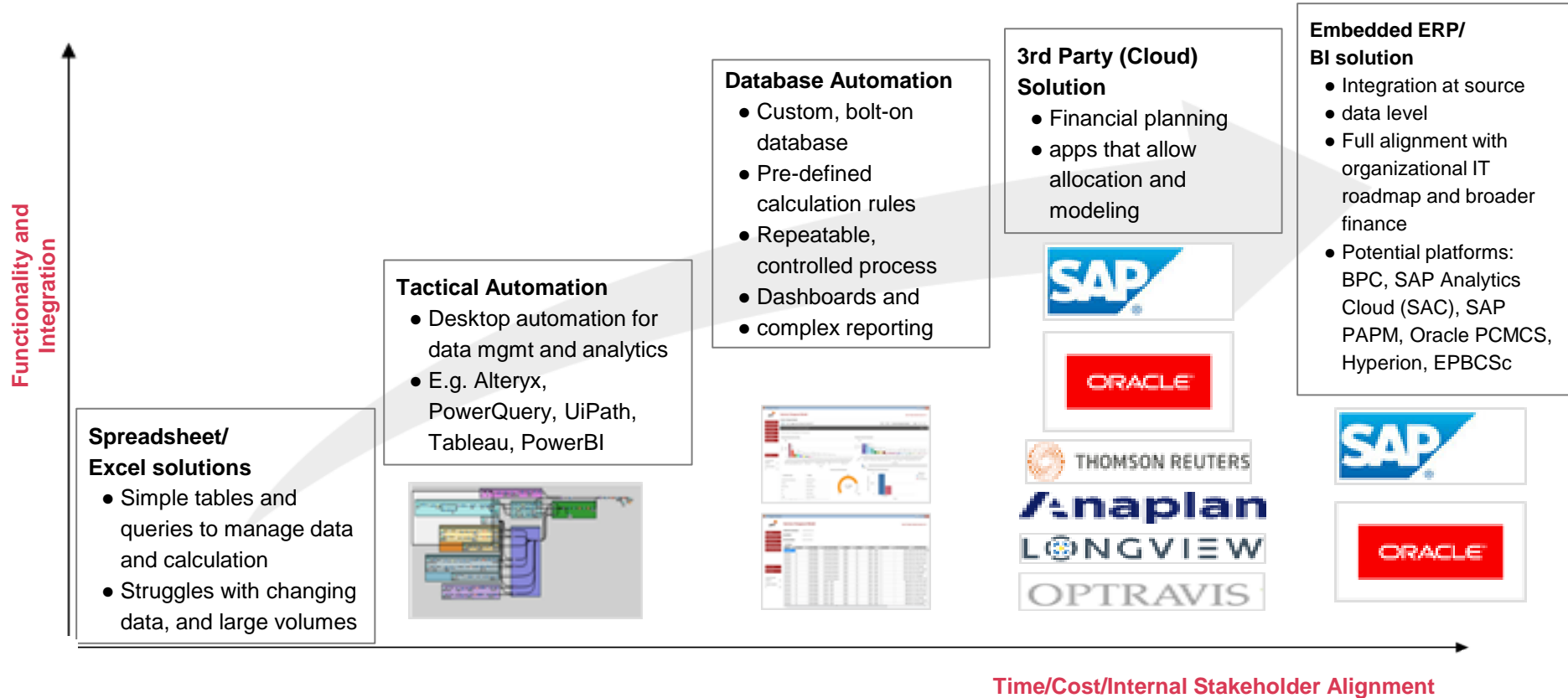
Added value

Using standard processes and tooling to facilitate calculations will:

- Reduce resource requirements;
- Improve accuracy;
- Improve auditability; and
- Improve real time visibility.



TP automation - Technology maturity curve



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For which tax do you expect to gain the most benefit by using technology?

- A) Indirect tax
- B) Direct tax
- C) Transfer Pricing
- D) Other

Key takeaways

What tooling delivers

Automation & control
“Real time” assessments
Transparency
Accuracy

Map your future system tax landscape

For all disciplines?
By when?

Prepare benefit case

Limitation of human errors
Limitation of resource requirements
Improved auditability
Preparation for real time reporting
Preparation for the future of tax

Closing

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- 'State of Tax' webcast series continues on [pwc.nl/evenementen](https://www.pwc.nl/evenementen)
- Please fill in the evaluation form

Evaluation

- How would you rate this webinar on a scale from 1 to 10?
- The content was relevant (Totally agree/Agree/Neutral/Disagree/Totally disagree)?
- Do you have any suggestions and/or comments?
- Do you have specific questions and would you like us to contact you?

Meet the people



Marvin de Ridder
Host



Marleen van Buren
Tax accounting and reporting



Joanna Gniadecka
Transfer Pricing



Sharon Neven
Indirect tax technology

Guest of today



Sam Williams

Company: COFCO international

Function: Global Tax Manager



Thank you

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